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BEFORE THE ARIZONA CORPORATION COMMISSION

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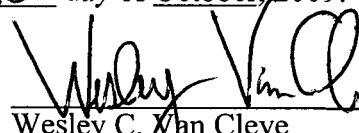
IN THE MATTER OF THE APPLICATION OF  
COMMUNITY WATER COMPANY OF  
GREEN VALLEY FOR A DETERMINATION  
OF THE CURRENT FAIR VALUE OF ITS  
UTILITY PROPERTY AND FOR AN  
INCREASE IN ITS WATER RATES AND  
CHARGES FOR UTILITY SERVICES.

DOCKET NO. W-02304A-08-0590

STAFF'S NOTICE OF FILING OF  
WITNESS SUMMARIES

Staff of the Arizona Corporation Commission hereby provides notice of filing the Summaries  
of the Testimony of Jian W. Liu and Pedro M. Chaves in the above-referenced matter.

RESPECTFULLY SUBMITTED this 23<sup>rd</sup> day of October, 2009.

  
Wesley C. Van Cleve  
Attorney, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007  
(602) 542-3402

Original and thirteen (13) copies  
of the foregoing were filed this  
23<sup>rd</sup> day of October, 2009 with:

Docket Control  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Arizona Corporation Commission  
**DOCKETED**

OCT 23 2009

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1 Copy of the foregoing mailed this  
2 23<sup>rd</sup> day of October, 2009 to:

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4 Michael W. Patten  
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9 Roseann Osorio

**SUMMARY OF TESTIMONY  
OF  
JIAN W. LIU**

**COMMUNITY WATER COMPANY OF GREEN VALLEY  
DOCKET NO. W-02304A-08-0590**

**CONCLUSIONS**

- A. The Arizona Department of Environmental Quality has determined that the Community Water Company of Green Valley ("Community Water" or "Company") water system has no deficiencies and is currently delivering water that meets water quality standards required by the Arizona Administrative Code, Title 18, Chapter 4.
- B. Community Water reported 913,950,400 gallons pumped and 831,899,400 gallons sold, resulting in a water loss of approximately 9.0% in 2007 which is within acceptable limits.
- C. Community Water is located in the Tucson Active Management Area ("AMA") and is subject to AMA reporting and conservation requirements. Staff received an Arizona Department of Water Resources ("ADWR") compliance status report on July 14, 2009. ADWR reported that Community Water is currently in compliance with departmental requirements governing water providers and/or community water systems.
- D. A check of the Arizona Corporation Commission Utilities Division Compliance Database indicated that there were no delinquent compliance items for Community Water.

**RECOMMENDATIONS**

- 1. Staff recommends its average annual cost of \$12,159 be adopted for the water testing expense in this proceeding.
- 2. Staff recommends that Community Water use Staff's depreciation rates by individual National Association of Regulatory Utility Commissioners category on a going forward basis.
- 3. Staff recommends acceptance of the Company's proposal to increase its service line and meter installation charges as shown in Table G-1.

**SUMMARY OF TESTIMONY  
OF  
PEDRO M. CHAVES**

**COMMUNITY WATER COMPANY OF GREEN VALLEY  
DOCKET NO. W-02304A-08-0590**

The testimony of Pedro M. Chaves recommends rates that would increase operating revenues by \$790,351 to produce operating revenues of \$3,798,428 resulting in operating income of \$569,764, or a 26.27 percent increase over test year revenues of \$3,008,077. Staff recommends a 15.00 percent operating margin, which results in a rate of return of 8.19 percent.

Under Staff's recommended rates, the median residential 5/8-inch meter customer consuming 3,500 gallons per month would experience a \$2.49, or 15.90 percent increase in her/his monthly bill from \$15.66 to \$18.80.

Staff recommends a fair value rate base of \$6,998,038. Staff's recommendation continues to be that Contributions In Aid of Construction associated with Construction Work in Progress are a deduction in the rate base calculation.